

Clerk File No. 310177

The City of Seattle – Legislative Department

Clerk File sponsored by: _____

Clerk File No. 310177

Department of Executive Administration
Director's Rule No. R-6.310.315, relating to
Taxicab Vehicle Leases.

Related Legislation File: _____

Date Introduced and Referred:	To: (committee):
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Sept. 2, 2009
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Emilia M. Sanchez
By

Committee Action:

Date	Recommendation	Vote

This file is complete and ready for presentation to Full Council. _____

Full Council Action:


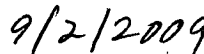
Date	Decision	Vote



City of Seattle
Department of Executive Administration

Fred Podesta, Director, Department of Executive Administration

Gregory J. Nickels, Mayor

Applicant: City of Seattle Department of Executive Administration	Page: 1 of 4	Supersedes: New		
	Publication: 7/20/09	Effective: September 2, 2009		
Director's Rule: R-. R-6.310.315 Taxicab Vehicle Lease	Code and Section Reference: SMC 6.310.315			
	Type of Rule: Code Interpretation			
	Ordinance Authority: SMC 3.02.060			
Approved:  Fred Podesta, Director			 Date	

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CITY CLERK

Rule R-6.310.315

Taxicab Vehicle Lease.

A. All lease agreements for taxicabs shall be in writing, and the lessor shall file the original lease agreement with the Director prior to the effective date of the lease in a manner specified by rule adopted by the Director.

B. The lease amount charged to a driver shall not exceed the maximum amount established by rule adopted by the Director. In determining the maximum lease amount, the Director shall consider vehicle purchase prices, the cost of insurance premiums, fuel costs, and variations in the Consumer Price Index evaluated over a twenty-four (24) month time period preceding the determination of the lease amount, and may consider any other factors that may affect the market for taxicab leases or that may affect the provision of taxicab services. Data collected to support the creation of this rule shall be provided in a written report to Council prior to the effective date of the rule. The report shall include a description of the public outreach process used in rule-making.

C. A taxicab lease shall require the driver to pay only the lease charge, and may not include any other expenses, including but not limited to:

1. Vehicle purchase,
2. Vehicle repairs or maintenance,
3. Vehicle registration,
4. Vehicle insurance,
5. Taxicab association dispatch fees,
6. Notice of violation monetary penalties for violations of vehicle standards,
7. Vehicle damage deposits, or
8. Any other expense or deposit.

The following rule provides guidance for implementing this provision as authorized by the Seattle Municipal Code.

1. **Written Lease Agreement.** Beginning on **November 1, 2009**, all taxicab lessors must file a notarized "Taxicab Lease Summary Sheet" with the Director for each lessee. All taxicab vehicle lease agreements must be in writing and include, at a minimum, the following information:
 - (1) **Lessor and lessee names and signatures.** Lessor and lessee full names must be shown. Lessor and lessee signatures must be properly notarized. The lessor must be the taxicab licensee(s). The lessee must hold a valid for-hire driver license and the lessee's for-hire driver license number and license expiration date must be indicated.
 - (2) **Lease period.** The lease period shall not exceed one (1) year. The lease period start and end dates/times shall be specified.
 - (3) **Lease Payment Period.** The lease payment period shall be specified as per shift, weekly, or monthly. An exception is allowed for lease drivers who drive multiple taxicabs on an irregular basis for the same licensee or a single taxicab co-operative. When the exception is applicable, the lease shall specify a per shift lease payment period. The sum of the lease payments for one week, charged to a driver on a per shift lease payment period, shall not exceed the weekly lease cap. Improper use of the per shift lease payment period or the exception for drivers of multiple taxicabs with irregular shifts shall be considered lease cap violations pursuant to SMC 6.310.315D (Class C monetary penalty and taxicab license suspension or revocation).
 - (4) **Shift and Shift Start/End Times.** The shift and shift start/end times must be specified, e.g., day shift, 4:00 a.m.-4:00 p.m. An exception is allowed for lease drivers who drive

multiple taxicabs on an irregular basis for the same licensee or a single taxicab co-operative. For these drivers, a single written lease agreement may be used. This lease shall omit the shift and shift start/end times and, instead, shall indicate "various." This lease shall specify a per shift lease payment period. The Director may require the lessor to submit evidence to support this exception and may determine that the exception isn't appropriate. Single shift leases shall indicate "single shift" instead of "day" or "night" shift.

- (5) **Lease amount.** The lease amount cannot exceed the lease caps (maximums) established by this rule. Lease rates must be specified for standard lease payment periods, i.e., per shift, weekly or monthly. An exception is allowed for lease drivers who drive multiple taxicabs on an irregular basis for the same licensee or a single taxicab co-operative. This type of lease shall specify a per shift lease payment period. The sum of the lease payments for one week, charged to a driver on a per shift lease payment period, shall not exceed the weekly lease cap. No other charges of any kind may be assessed against the lessee except that a "green vehicle" surcharge may be authorized by the Director in this rule.
 - (6) **Written Receipts.** Original written receipts shall be provided to the lessee by the lessor for all lease payments paid in cash. The receipt shall indicate, at a minimum, the date, lessor, lessee, taxicab name and number, lease payment period, and amount paid. Written receipts shall also include the signature of the lessor.
 - (7) **Other Terms and Conditions.** The lease shall not provide that the lessee drive in excess of the maximum hours per day specified at SMC 6.310.455.G. A lessee shall not be required to pay a vehicle damage deposit or pay for vehicle collision repairs. The conditions under which a lease is terminated shall be clearly listed. The taxicab name and number, vehicle model year, make and model, and fuel (e.g., gasoline, hybrid, compressed natural gas (CNG), biodiesel) shall be specified. If there are no provisions for vehicle maintenance, repair or replacement, the lease amount shall be reduced proportionately for the amount of time the taxicab is unavailable for use by the lease driver.
 - (8) **Filing "Taxicab Lease Summary Sheet."** The lessor is required to file, with the city, the original "Taxicab Lease Summary Sheet," on a multi-part form approved by the Director, within five (5) days of its effective date. The lessor and lessee shall each keep one copy of the form. The "Taxicab Lease Summary Sheet" form shall include the information described in (1)-(7) above. The lessor shall certify that the information on the "Taxicab Lease Summary Sheet" form accurately reflects the terms and conditions of the full lease agreement and that the lease is in full compliance with this rule and SMC 6.310.315. The signatures of both the lessor and lessee are required and must be notarized.
2. **Lease Caps.** The maximum lease (i.e., lease cap) that may be charged to lease a taxicab shall not exceed the amount specified below. An exception is allowed for lease amounts and terms specified in unexpired written leases that became effective prior to September 17, 2008. When the exception is applicable, the leases shall continue in force until their lease expiration dates but not later than September 16, 2009. A lease cap surcharge may be authorized by the Director for "green vehicles" as defined in rule pursuant to SMC 6.310.320P.
- (1) **Shift.** The maximum taxicab lease that may be charged to a lease driver is \$75 per shift if the taxicab is leased on a per shift lease payment period. This lease cap shall be for one 12-hour shift. An exception is allowed for lease drivers who drive multiple taxicabs on an irregular basis for the same licensee or a single taxicab co-operative. For these drivers the lease shall have a per shift lease payment period. The sum of the lease payments for one week, charged to a driver on a per shift lease payment period, shall not exceed the weekly lease cap.

- (2) **Week.** The maximum taxicab lease that may be charged to a lease driver is \$420 per week if the taxicab is leased on a per week lease payment period. This lease cap shall be for one 12-hour shift per day for a calendar week of seven days.
- (3) **Month.** The maximum taxicab lease that may be charged to a lease driver is \$1,680 per month if the taxicab is leased on a per month lease payment period. A month shall be a calendar month of 28-31 days.
- (4) **Single shift.** The maximum lease that may be charged for a taxicab that is single shifted, i.e., leased by one driver, shall not exceed twice the maximum taxicab lease per shift, per week, or per month specified above. A lease driver who enters into a single shift taxicab lease shall not sublease the taxicab as provided by SMC 6.310.315E.
- (5) **"Green Vehicle" Surcharge.** A licensee may demand a surcharge, not to exceed \$15 per shift, \$105 per week, or \$420 per month more than the lease cap specified in this rule, if the taxicab licensee voluntarily places a green vehicle into service that is not more than 4 model years old. The green vehicle may be retained in service until it is 8 model years old providing that it passes annual safety inspections by approved ASE-certified technicians and by city taxicab inspectors. A "green vehicle," for the purpose of this lease cap surcharge, is any motor vehicle that meets the provisions of Rule R-6.310.320.P that has the following propulsion: electric, gasoline-electric hybrid, compressed natural gas (CNG), propane (liquified petroleum gas), fuel cell, or clean diesel (ultra low sulfur) as defined by the Environmental Protection Agency.
- (6) **Exception.** If a lessor has an unexpired written lease, with an effective date prior to September 17, 2008, and can demonstrate that the lease cap effective date of September 16, 2009 would be especially burdensome, the lessor may request an extension not to exceed six (6) months. The request for an extension shall be in writing and shall provide detailed financial information with complete documentation to prove the economic burden. The request shall include a detailed plan and timetable for coming into compliance with the lease caps in this rule.
- (7) **Lease Cap Adjustments.** The Director may increase the lease cap if average taxicab licensee costs increase significantly. Any taxicab licensee may request a special review of lease caps if a significant increase in industry-wide costs can be documented. Lease caps shall be reviewed every even year (e.g., 2010) by September 1, and lease caps shall be adjusted as necessary. Lease caps shall be reviewed whenever the taximeter rate is changed.
- (8) **Multiple Leases.** The applicable lease cap specified under this rule applies to the total lease amount that may be charged for leasing a taxicab regardless of whether the taxicab is licensed by more than one local government. A Seattle taxicab licensee shall not demand any lease amount that exceeds the applicable lease cap specified in this rule by requiring a lessee to enter into multiple leases when the Seattle taxicab has other taxicab licenses issued by other local governments. The taxicab leases permitted by this rule apply to the lease of taxicab vehicles only. Taxicab licenses issued under SMC Chapter 6.310 are not subject to lease, rental, or use by any person other than the named licensee.

Effective Date: September 2, 2009